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FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



COFFEE
FCOF 4-66
November 1966

1966-67 WORLD COFFEE CROP

DOWN FROM EARLIER ESTIMATES

The Foreign Agricultural Service's second estimate (September) of the 1966-67 world coffee crop is for a total production of 65.2 million bags 1/, of which 49.7 million are estimated to be exportable production 2/. These estimates are down about 6 million bags from the June forecast, but the crop is still expected to be close to world consumption needs for the 1966-67 marketing year.

The principal reason for the lower estimate is a reduced crop in Brazil, where coffee borer damage resulted in low yields of green coffee in spite of a reportedly heavy crop of cherry coffee. There was also a slight drop in the estimate for Africa.

World trade in coffee picked up considerably in 1965-66 as importing countries tended to bring stocks back to normal after the rather low levels of a year earlier.

Green coffee prices weakened slightly toward the end of the third quarter of 1966, but started to strengthen again early in the fourth quarter. This fourth quarter is also the first quarter of the new coffee marketing year.

The International Coffee Council (ICC) met in August and held one of its most successful sessions to date. Through actions taken at this meeting, the Council provided solid stepping stones that could eventually lead to solutions of some of the major basic problems that have continued to prevent maximum progress under the International Coffee Agreement (ICA).

1/ All bags in text and tables weigh 132.276 or 60 kilograms. 2/ Exportable production: Total production minus estimated domestic consumption.

GREEN COFFEE: World total production for the marketing year 1966-67, with comparisons 1/

Continent and country	Average		1963-64	1964-65	1965-66	2nd estimate	
	1955/56-	1959/60				1966-67	
	1,000 bags 2/	bags 2/				1,000 bags 2/	bags 2/
North America:							
Costa Rica	734		1,100	825	1,015	1,200	
Cuba	743		475	600	460	550	
Dominican Republic	549		690	675	615	675	
El Salvador	1,436		2,000	2,060	1,800	2,100	
Guatemala	1,357		1,790	1,630	2,000	1,900	
Haiti	600		530	550	590	575	
Honduras	321		395	450	460	500	
Mexico	1,716		2,855	2,650	3,000	2,900	
Nicaragua	376		450	575	550	590	
Panama	3/	27	80	75	60	75	
Trinidad & Tobago		44	75	75	60	65	
Other 4/		427	314	325	314	333	
Total North America		8,300	10,754	10,490	10,924	11,463	
South America:							
Brazil	28,300		28,200	10,000	37,300	22,000	
Colombia	7,360		8,200	7,600	8,200	7,800	
Ecuador	521		700	935	950	950	
Peru	324		815	880	880	900	
Venezuela	835		890	790	825	825	
Other 5/	63		128	128	148	115	
Total South America		37,403	38,933	20,333	48,303	32,590	
Africa:							
Angola	1,443		2,800	3,100	2,800	3,400	
Burundi 6/	(7/)		250	200	200	200	
Cameroon 8/	405		800	870	980	925	
Central African Republic	3/	41	210	150	175	200	
Congo (Kinshasa)	1,195		1,100	950	1,000	1,000	
Ethiopia	1,100		1,600	1,650	1,600	1,700	
Guinea	9/	114	175	150	155	150	
Ivory Coast	2,130		4,350	3,375	4,550	3,300	
Kenya	415		740	660	850	850	
Malagasy Republic	902		835	1,050	885	1,000	
Rwanda 6/	(7/)		145	175	175	150	
Tanzania 10/	375		545	575	650	650	
Togo	122		230	200	225	200	
Uganda	1,508		2,900	2,450	2,650	2,700	
Other 11/	332		429	432	459	459	
Total Africa		10,082	17,109	15,987	17,354	16,884	
Asia and Oceania:							
India	712		1,240	1,100	1,150	1,100	
Indonesia	1,343		1,900	2,200	2,000	2,000	
Philippines	199		655	735	735	735	
Yemen	88		80	90	75	60	
Other 12/	179		319	337	337	352	
Total Asia and Oceania		2,521	4,194	4,462	4,297	4,247	
World total production		58,306	70,990	51,272	80,878	65,184	

1/ The coffee marketing season begins during the second half of the calendar year starting in some countries like Brazil as early as July 1 and in other countries about October 1. Exportable production represents total production minus consumption, except for Brazil prior to 1959-60 which was based on "registrations" of current crop minus port consumption and coastwise shipments. 2/ Sixty kilograms or 132.276 pounds each. 3/ 2-year average. 4/ Includes Guadeloupe, Hawaii, Jamaica, and Puerto Rico.

5/ Includes Bolivia, Guyana, Paraguay and Surinam. 6/ Prior to 1962-63, was shown as Ruanda-Urundi.

7/ Shown in Congo (Leopoldville) prior to 1959-60. Combined exports for Rwanda and Burundi in 1959-60 totaled 160,000 bags. 8/ Beginning with 1961-62 includes West Cameroon. Prior to 1961-62 this area was identified as Southern Cameroon and its production was included with Nigeria. 9/ 3-year average.

10/ Prior to 1964-65 year was shown as Tanganyika. Now includes Zanzibar as well. 11/ Includes Cape Verde, Comoro Islands, Dahomey, Gabon, Ghana, Liberia, Nigeria, Congo (Brazzaville), Sao Tome and Principe, Sierra Leone, and Spanish Guinea. 12/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor and South Vietnam.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attachés and Foreign Service Officers, results of office research and related information.

GREEN COFFEE: World exportable production for the marketing year 1966-67, with comparisons 1/

Continent and country	Average	1963-64	1964-65	1965-66	2nd estimate
	1955/56-	1959/60	1959/60	1966-67	
	1,000 bags 2/				
North America:					
Costa Rica	658	980	700	885	1,065
Cuba	207	---	---	---	---
Dominican Republic	421	540	520	455	510
El Salvador	1,327	1,885	1,935	1,670	1,965
Guatemala	1,158	1,580	1,420	1,785	1,680
Haiti	435	365	385	420	400
Honduras	262	320	370	375	415
Mexico	1,369	1,855	1,550	1,800	1,600
Nicaragua	334	405	525	495	530
Panama	3/ 10	26	20	5	15
Trinidad & Tobago	37	68	65	50	55
Other 4/	171	55	59	48	43
Total North America	6,389	8,079	7,549	7,988	8,278
South America:					
Brazil	23,360	21,200	3,000	30,100	14,600
Colombia	6,550	7,200	6,500	7,000	6,560
Ecuador	422	525	750	760	755
Peru	251	630	680	675	690
Venezuela	472	395	275	300	285
Other 5/	44	77	72	92	59
Total South America	31,099	30,027	11,277	38,927	22,949
Africa:					
Angola	1,427	2,750	3,045	2,740	3,340
Burundi 6/	(7/)	245	195	195	195
Cameroon 8/	396	775	840	950	895
Central African Republic	3/ 37	205	145	170	195
Congo (Kinshasa)	1,164	1,050	900	950	945
Ethiopia	850	1,250	1,300	1,245	1,335
Guinea	9/ 105	160	135	140	135
Ivory Coast	2,063	4,300	3,325	4,500	3,245
Kenya	399	720	640	830	825
Madagascar Republic	812	735	950	785	895
Rwanda 6/	(7/)	140	170	170	145
Tanzania 10/	369	530	560	635	635
Togo	121	225	195	220	195
Uganda	1,454	2,885	2,440	2,635	2,685
Other 11/	308	396	398	425	425
Total Africa	9,505	16,366	15,238	16,590	16,090
Asia and Oceania:					
India	223	620	460	540	485
Indonesia	1,120	1,600	1,850	1,650	1,640
Philippines	---	---	---	---	---
Yemen	74	70	80	65	50
Other 12/	63	139	147	147	162
Total Asia and Oceania	1,480	2,429	2,537	2,402	2,337
World exportable production	48,473	56,901	36,601	65,907	49,654

1/ The coffee marketing season begins during the second half of the calendar year starting in some countries like Brazil as early as July 1 and in other countries about October 1. Exportable production represents total production minus consumption, except for Brazil prior to 1959-60 which was based on "registrations" of current crop minus port consumption and coastwise shipments. 2/ Sixty kilograms or 132.276 pounds each. 3/ 2-year average. 4/ Includes Guadeloupe, Hawaii, Jamaica, and Puerto Rico. 5/ Includes Bolivia, Guyana, Paraguay and Surinam. 6/ Prior to 1962-63, was shown as Rwanda-Urundi. 7/ Shown in Congo (Leopoldville) prior to 1959-60. Combined exports for Rwanda and Burundi in 1959-60 totaled 160,000 bags. 8/ Beginning with 1961-62 includes West Cameroon. Prior to 1961-62 this area was identified as Southern Cameroon and its production was included with Nigeria. 9/ 3-year average. 10/ Prior to 1964-65 year was shown as Tanganyika. Now includes Zanzibar as well. 11/ Includes Cape Verde, Comoro Islands, Dahomey, Gabon, Ghana, Liberia, Nigeria, Congo (Brazzaville), Sao Tome and Principe, Sierra Leone, and Spanish Guinea. 12/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor and South Vietnam.

Production

Latin America: In spite of a heavy outturn of cherry coffee in Brazil, damage from the coffee borer (Broca) considerably reduced 1966-67 crop yields. Apparently the large crop in 1965-66 resulted in more coffee cherries being left on the ground under the trees, in turn providing a breeding place for this destructive insect. Frost in early August 1966 had little effect on the 1966-67 crop, but will probably reduce the 1967-68 harvest that some had previously forecast as the largest ever. Brazil is going ahead with its diversification plan which it hopes will bring that country's exportable production more in line with its export quota under the International Coffee Agreement (ICA). It is quite possible that August frost damage to the 1967-68 coffee crop will encourage more producers to take advantage of the diversification program.

The harvest in Colombia will be down in 1966-67, following the heavy crop in 1965-66. In Nicaragua, the production estimate is down slightly, even as that country starts a new program to reduce acreage and increase yields. The National Bank there hopes to reduce acreage 25 percent, while at the same time increasing yields 160 percent by 1975. Total production in Nicaragua, if such a program were successful, would increase by about 110 percent to more than 1.1 million bags by 1975. The second estimates for both Ecuador and Peru have been lowered slightly, although the general production trend in both countries is upward.

Africa: Production will be up in Angola in 1966-67, following a "down" year in 1965-66. During the past year there has been a prohibition placed on any further plantings of new Robusta areas in order to prevent any buildup of surplus above ICA quotas. There is no prohibition on plantings of Arabica coffee, however, and there are some attempts being made to increase its output in Angola. The Ivory Coast also has a prohibition against new coffee plantings. Dry weather and a "down" year in the production cycle have brought 1966-67 production prospects for that country down more than 25 percent from a year earlier. Kenyan coffee production is recovering from the effects of drought and coffee berry disease and is moving towards an expected total of more than 1 million bags by 1970.

During the last quarter of the 1965-66 coffee year, Uganda's Coffee Marketing Board found it necessary to place restrictions on exports of pulped and washed Robusta and Arabica coffees due to the fact that such exports have been increasing and were displacing the Board's exports of dry-processed Robustas. Up until now the Board has controlled only the latter type coffee, but with ICA quotas in effect and the output of washed coffees increasing, some new policy will probably be devised to assure that the Board will continue to be able to export its coffee.

Trade and Other Developments

World trade during the first 10 months of the 1965-66 coffee marketing year (October-September) was running more than 5 million bags ahead of a year earlier.

United States: During the first 6 months of calendar year 1966, U. S. imports of green coffee were ahead of 1965 by almost 2.5 million bags. Thus, the U. S. stock level was up from 2.6 million bags on June 30, 1965, to a more normal level of 3.5 million on the same date this year. During the same period, prices (N. Y. basis) for Santos 4's declined from an average of 43.4 cents in December 1965 to 40.4 cents in June of 1966.

Brazil supplied 28 percent of U. S. coffee import needs during January-June 1966, as compared with 23 percent during the same period in 1965, a period which followed the small 1964-65 crop in that country. Imports from Africa were also up percentagewise from the year before, while the decreased percentage of the total was for coffee from Mexico and Central America.

U. S. imports of soluble coffee during the first 8 months of 1966 totaled 4.7 million pounds, up more than two-and-a-half times from the same period in 1965. In terms of green coffee, these 4.7 million pounds would have amounted to 106,500 bags. During calendar year 1965, such imports totaled 64,400 bags. For comparison purposes, the U. S. soluble coffee industry processed about 3.8 million bags of green coffee in 1965. Most of the increased imports of soluble coffee are coming from Brazil, where this industry is expanding rather rapidly.

Total U. S. roastings during the first six months of 1966 were 10,715,000 bags, down only slightly from the 10,731,000 bags a year earlier. They amounted to 21,680,000 bags during calendar 1965. Roastings for soluble use (included in the preceding) were down slightly from a year earlier.

Prices: Prices weakened generally in the third quarter of 1966, as buyers tended to await the outcome of the August-September International Coffee Organization (ICO) meetings in London and producing countries tried to fill their export quotas before the end of the coffee marketing year. The biggest drop came in Colombians which were down more than 3 cents from 48.4 cent average in June to 45.3 cents in September. Prices of Santos 4's showed the least change during the same period and were down less than half a cent. In early October, however, all coffees except the Santos 4's were starting an upward trend, with gains of almost a cent a pound.

International Coffee Agreement: The International Coffee Council met in London in late August and early September and had one of its most constructive meetings to date. Interim steps were taken which could lead to solutions of some of the major basic problems that have plagued the ICA since its beginning. One of these was the establishment of a system for the selective adjustment of coffee supplies. This system sets up four indicator price ranges within each of which prices of one of the four major groups of coffees may fluctuate. Should the indicator price for any one of those groups (Colombian milds, other milds, unwashed Arabicas, and Robustas) go out of its respective range, then the export quotas for that group would be adjusted accordingly. This arrangement should allow importing countries to buy more freely around the world and should at least partly satisfy some exporting-country complaints that the demand for particular coffees is artificially controlled.

Another important step taken was "to establish the principle that all waivers to be granted from here on shall be on the basis of effective contribution to the solution of the world coffee problem." Specifically, the ICC has said that, from here on, a producing member receiving a waiver will have to take certain steps toward diversification toward raising products other than coffee, or else risk losing part or all of such waivers. This could be the most important step taken by the Council, since any action which does not get at the basic problem of overproduction is certainly an "interim" solution, only.

GREEN COFFEE: U. S. gross imports for consumption by months, 1962-66

Year and Month	1962	1963	1964	1965	1966 1/
	Bags 2/				
January	2,294,540	1,241,088	1,977,276	460,698	1,829,079
February	2,310,778	2,238,665	1,969,568	1,295,938	2,012,673
March	1,828,026	2,157,406	2,476,132	2,446,165	2,382,280
April	1,859,220	2,245,754	2,459,757	1,658,847	1,965,127
May	2,006,712	1,797,858	1,597,003	1,553,587	1,817,855
June	1,550,237	1,332,142	1,343,896	1,830,766	1,680,072
January - June	11,849,513	11,012,913	11,823,632	9,246,001	11,687,086
July	1,678,724	1,956,858	1,552,377	1,206,105	1,569,854
August	2,003,959	1,887,944	1,428,029	1,556,237	1,581,220
September	2,074,355	2,166,907	1,659,684	1,812,125	(4/)
October	2,074,786	2,486,099	1,960,222	2,666,075	(4/)
November	2,256,432	2,181,114	2,329,666	2,549,383	(4/)
December	2,542,413	2,143,244	2,068,706	2,254,499	(4/)
July - December ...	12,630,669	12,822,166	10,998,684	12,044,424	(4/)
Calendar year total:	24,480,182	23,835,079	22,822,316	21,290,425	(4/)
Fiscal year total ^{3/} :	22,745,821	23,643,582	24,645,798	20,244,685	23,731,510

1/ Preliminary. 2/ 132.276 pounds or 60 kilograms. 3/ Twelve months, ending June 30 of year shown. 4/ Not available.

United States Bureau of Census.

GREEN COFFEE: U. S. gross imports by country or area of origin

Area of origin	Average		1964		1965		1965		1966		1/ Jan.-June
	1955-59		Mil.	Per-	Mil.	Per-	Mil.	Per-	Mil.	Per-	
		bags	cent	bags	cent	bags	cent	bags	cent	bags	cent
		2/		2/		2/		2/		2/	
Brazil	8.91	42	7.21	31	5.74	27	2.12	23	3.29	28	
Africa and Asia	2.86	14	6.57	29	6.95	33	2.85	31	4.04	35	
Mild coffees:											
Colombia	4.54	22	3.70	16	3.30	15	1.44	15	1.60	14	
Other South America84	4	1.08	5	1.26	6	.43	5	.57	5	
Mexico and Central America	3.30	15	3.57	16	3.60	17	2.15	23	1.94	16	
Caribbean55	3	.69	3	.44	2	.26	3	.24	2	
Total milds	9.23	44	9.04	40	8.60	40	4.28	46	4.35	37	
Total world	21.00	100	22.82	100	21.29	100	9.25	100	11.68	100	

1/ Preliminary.

2/ 132.276 pounds or 60 kilograms.

United States Bureau of Census

COFFEE: Annual export quotas, by quarters, under the International
Coffee Agreement and their distribution by quarters, 1966-67
(Bags of 60 kilograms or 132.276 pounds)

Exporting Countries	Annual Quota 1/		Waivers 2/		Special Ex- port Authorization 3/		Total effective Quota		October- December		January- March		April- June		July- September	
	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags	Bags
<u>Colombian Milds (Arabicas)</u>																
Colombia	5,645,474	--	136,021	5,781,495	1,445,373	1,361,444	1,445,373	1,529,305								
Kenya 4/	485,384	5/	227,407	31,451	744,242	210,329	198,116	161,792	174,005							
Sub-Total	6,130,858	227,407	167,472	6,525,737	1,655,702	1,559,560	1,607,165	1,703,310								
<u>Other Milds (Arabicas)</u>																
Burundi	270,005	--	6,505	276,510	69,127	65,113	69,127	73,143								
Costa Rica	892,189	--	21,496	913,685	228,421	299,195	228,421	157,648								
Cuba	187,829	--	4,526	192,355	38,697	54,143	48,088	51,427								
Dominican Republic	399,137	40,000	9,617	448,754	132,145	124,472	92,231	99,906								
Ecuador	518,409	58,000	12,490	588,899	173,145	163,092	121,304	131,358								
El Salvador	1,342,510	225,000	32,346	1,599,856	467,089	439,967	332,838	359,962								
Guatemala	1,262,683	135,000	30,423	1,428,106	420,160	395,763	293,893	318,290								
Haiti	394,442	30,000	9,504	433,946	128,209	120,764	88,764	96,209								
Honduras 4/	267,657	5/	119,093	17,343	404,093	60,874	158,186	87,640	97,393							
India	338,093	50,000	8,146	396,239	99,059	77,385	115,964	103,831								
Mexico	1,417,172	--	34,145	1,451,317	433,688	381,806	291,970	343,853								
Nicaragua	393,596	70,000	9,483	473,079	137,949	129,939	98,590	106,601								
Panama	25,000	--	588	25,588	6,397	6,026	6,397	6,768								
Peru	544,705	61,000	13,124	618,829	181,943	145,723	154,707	136,456								
Rwanda	199,569	--	4,808	204,377	51,094	48,127	51,094	54,062								
Tanzania	408,959	50,000	9,853	468,812	137,651	129,658	96,755	104,748								
Venezuela	446,095	--	10,748	456,843	114,211	149,598	91,906	101,128								
Sub-Total	9,308,050	838,093	235,145	10,381,288	2,879,859	2,888,957	2,269,689	2,342,783								
<u>Unwashed Arabicas</u>																
Bolivia 4/	25,000	--	566	25,566	6,391	6,021	6,391	6,763								
Brazil	16,904,640	--	407,298	17,311,938	4,327,984	4,076,666	4,327,984	4,579,304								
Ethiopia	1,103,497	75,000	26,587	1,205,084	356,445	335,748	246,096	266,795								
Sub-Total	18,033,137	75,000	434,451	18,542,588	4,690,820	4,418,435	4,580,471	4,852,862								
<u>Robustas</u>																
Congo (D. R.)	1,070,627	--	25,796	1,096,423	220,574	308,612	327,637	239,600								
Ghana	40,383	6,000	973	47,356	13,858	13,053	9,820	10,625								
Indonesia	1,104,436	--	26,610	1,131,046	282,761	266,342	282,761	299,182								
Nigeria	41,492	--	1,000	42,492	10,623	10,006	10,623	11,240								
QAMCAF	4,040,326	414,000	97,347	4,551,673	1,137,918	1,262,126	1,137,919	1,013,710								
Portugal	2,055,462	279,000	49,524	2,383,986	698,770	619,471	493,223	572,522								
Sierra Leone	61,045	17,000	1,471	79,516	16,826	15,850	29,036	17,804								
Trinidad & Tobago	41,322	25,000	996	67,318	16,830	19,745	14,763	15,980								
Uganda	1,772,862	197,000	42,715	2,012,577	503,144	473,928	503,144	532,361								
Sub-Total	10,227,955	938,000	246,432	11,412,387	2,901,304	2,989,133	2,808,926	2,713,024								
TOTAL	43,700,000	2,078,500	1,083,500	46,862,000	12,127,685	11,856,085	11,266,251	11,611,979								

1/ Annual quota for 1966-67 as established by Resolution No. 116 of the International Coffee Council on September 6, 1966.
Basic quotas as given in Annex A of the International Coffee Agreement, 1962, remain unchanged.

2/ ICC Resolution No. 114.

3/ ICC Resolution No. 115.

4/ Pending accession.

5/ Special Export Entitlement.

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